Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of Qwest Communications International, Inc. Consolidated Application for Authority to Provide In-Region, InterLATA Services in Colorado, Idaho, Iowa, Nebraska, and North Dakota	))))))))	WC Docket No. 02-148

REPLY COMMENTS OF WORLDCOM, INC. ON THE APPLICATION BY QWEST COMMUNICATIONS INTERNATIONAL, INC. TO PROVIDE IN-REGION, INTERLATA SERVICES IN COLORADO, IDAHO, IOWA, NEBRASKA, AND NORTH DAKOTA

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July 29, 2002

INTRODUCTION AND EXECUTIVE SUMMARY

Each day as WorldCom gains additional experience in the local market in Qwest territory, it becomes increasingly clear that Qwest's OSS contains deficiencies that impede wide-scale entry and that much about Qwest's OSS remains unknown. In fact, Qwest's OSS deficiencies have become more evident in the weeks since WorldCom filed its initial comments, and Qwest's processes are even more complex that we initially believed. Other key OSS defects described in WorldCom's initial comments remain unchanged.

As the Department of Justice ("DOJ") noted in its Evaluation, the high UNE pricing that was in effect for most of the period preceding Qwest section 271 application prevented any measurable degree of competition from developing in the Qwest territory. Therefore CLECs have not had significant opportunity to determine the readiness of Qwest's OSS through real commercial experience. But even the limited competition that has developed reveals key OSS problems, as a number of CLECs and the DOJ indicate. Taken together, these OSS issues show that Qwest's OSS is not yet ready for commercial volumes of orders.

The third-party test alone is not sufficient to show the readiness of Qwest's OSS. WorldCom's recent entry into the Qwest region already has revealed a number of serious deficiencies that remain in Qwest's OSS, as discussed in our initial comments. Indeed, WorldCom's reject rate in July has been approximately 33 percent in the Qwest region. This is <u>twice</u> as high as its reject rate in other regions in which WorldCom is ordering through Z-Tel systems.

Qwest must cure its OSS deficiencies before being granted section 271 relief. The impact of a positive Commission decision here would be even larger than has been the case for prior applications. Unlike other BOCs that initially applied for section 271 authority in an anchor state and then incrementally applied in additional states, Qwest has applied in five states, and a second multi-state application is pending. Unlike with prior applications by other BOCs, a decision to grant Qwest's application here is likely to result in section 271 authorization for almost the entire Qwest region. There will be little chance during the course of section 271 proceedings for other states in the Qwest region to correct issues that prove more significant than the Commission anticipated. The Commission therefore must reject Qwest's section 271 application until Qwest's OSS deficiencies are fixed.

In addition, Qwest must lower its excessive UNE rates by accurately reflecting the relative minutes of use in each of the four states that it benchmarks to Colorado. Making this adjustment would reduce the switch usage rate in Nebraska by 21.8 percent and would reduce the switch usage rate in North Dakota by 24.4 percent. Finally, Qwest must provide WorldCom with customized routing, as reconfirmed by the Commission's recent Virginia Arbitration decision.

The Commission should deny Qwest's section 271 application until Qwest fixes the important issues described herein.

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Louisiana I Order	In re Application of BellSouth Corporation, et al. Pursuant to Section 271 of the Communications Act of 1934, as Amended, to Provide In-region, InterLATA Services in Louisiana, CC Docket No. 97-231, Memorandum Opinion and Order, 13 F.C.C.R. 6245, FCC No. 98-71(1998).
New Jersey Order	In re Application by Verizon New Jersey Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions), Verizon Select Services Inc. for Authorization To Provide In-Region, InterLATA Services in New Jersey, WC Docket No. 02-67, Memorandum Opinion and Order, FCC No. 02-189 (rel. June 24, 2002).
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Frentrup Reply Decl.	Declaration of Chris Frentrup on Behalf of WorldCom Inc. (Tab B hereto).
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DOJ Eval.	Evaluation of the United States Department of Justice, In Re Application by Qwest Communications for Authorization to Provide In-Region, InterLATA Services in the States of Colorado, Idaho, Iowa, Nebraska, and North Dakota, WC Docket No. 02-148, issued July 23, 2002

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REPLY COMMENTS OF WORLDCOM, INC. ON THE APPLICATION BY QWEST COMMUNICATIONS INTERNATIONAL, INC. TO PROVIDE IN-REGION, INTERLATA SERVICES IN COLORADO, IDAHO, IOWA, NEBRASKA, AND NORTH DAKOTA

Qwest's application for section 271 relief in Colorado, Idaho, Iowa, Nebraska, and North Dakota should be rejected. First, Qwest's OSS deficiencies have become more evident in the weeks since WorldCom filed its initial comments, and by themselves, they deny CLECs a meaningful opportunity to compete. Second, Qwest's UNE rates continue to be excessive and preclude mass-market entry on a statewide basis in any of the states for which Qwest has applied. Third, Qwest is not providing customized routing for purposes of transporting OS/DA traffic, which is inconsistent with Commission precedent, particularly the Commission's recent Virginia Arbitration decision.

I. QWEST MUST RESOLVE NUMEROUS OSS DEFICIENCIES

Qwest's OSS deficiencies have become more evident in the weeks since WorldCom filed its initial comments. Qwest's pre-ordering and ordering process is even more complex than WorldCom previously understood, forcing WorldCom to spend scarce resources in an attempt to compensate for Qwest's deficiencies, resulting in an inefficient process that requires customer service representatives to spend far too long on the line with customers, and continuing to result in order rejections at a rate approximately double that in other regions. Other key defects in Qwest's OSS remain unchanged. WorldCom has found these problems even with today's very low order volumes. Qwest received only 6,417 UNE-P orders via EDI in June – a very small number of orders. (Qwest Perf. Results, (PO-2A-2). Qwest's problems are likely to grow far worse as order volumes increase.

A. Qwest's Pre Ordering And Ordering Processes Are Complex

In WorldCom's initial comments, we discussed two aspects of Qwest's ordering process that made that process more complex than the process in any other region of the country: Qwest's requirement that CLECs include a service address on every UNE-P migration order and Qwest's requirement that CLECs list a customer's existing features on every order. As WorldCom has begun to gain commercial experience, it has come to understand that Qwest's process is even more complex than it previously imagined – in ways that differentiate Qwest from every other BOC.

Unlike in other BOC regions, a CLEC in Qwest territory must begin its pre-order inquiries by using the address validation function, which requires the customer service representative to type in the customer's address. For some reason, in response to an address validation request, Qwest will often return a number of possible addresses, rather than simply saying that the entered address is valid. The customer service representative must then choose the correct address from among these addresses in consultation with the customer. Lichtenberg Reply Decl. ¶¶ 6-7.

The CLEC's customer service representative must next obtain the customer's Customer Service Record ("CSR"). This is not as easy as it seems, however, because in approximately 10 percent of cases Qwest returns multiple CSRs in response to a CSR inquiry. These may include CSRs that describe a customer's previous account but not the current account, for example. As with the address validation function, the CLEC's customer service representative must determine which CSR is correct in consultation with the customer. Lichtenberg Reply Decl. ¶¶ 8-9.

Once the CLEC has determined which CSR is correct, it must obtain several pieces of information from the CSR in order to place them on the order. The CLEC must include the customer's service address on the order. The CLEC must include the customer's existing "line class code" on the order. The CLEC must include the customer's "customer code" on the order – a unique code assigned by Qwest to every retail customer. Finally, for every feature the customer orders, the CLEC must include a code to indicate whether that feature is one the customer already has or is a new feature the customer wishes to have for the first time.[1] If the CLEC does not accurately describe whether it is a new feature or not, the order will be rejected. Lichtenberg Reply Decl. ¶¶ 11-12.

All of these requirements are unique to Qwest. In other regions, CLECs do not have to perform an address validation function in order to place a migration order, and, if they do decide to perform this function, they can access the function based on telephone number rather than address. In other regions, CLECs do not have to determine which of

[1] This description of what is required with respect to features is somewhat different than we had understood previously. The CLEC does not have to list every old feature on the order, but does have to determine which features the customer had as part of his retail service in order to determine which of the features the

multiple CSRs are correct. The BOCs in those regions return only one CSR in response to a CSR inquiry. In other regions, CLECs do not have to include the service address, the customer code, the line class code, or any information about the customer's existing features on a UNE-P migration order. Lichtenberg Reply Decl. ¶ 13.

The complexities of Qwest's process significantly limit a CLEC's ability to compete. First, a CLEC customer service representative must spend too much time on the phone with each customer. The representative must type in the customer's address, perform an address validation function, discuss with the customer which of multiple addresses is correct, and discuss with the customer which of multiple CSRs is correct – all before discussing with the customer the features that he or she would like. In a high volume, mass markets business, it is critical that customer service representatives operate efficiently and do not waste time on the phone with customers performing unnecessary functions. Moreover, customers may become impatient after being asked several times to list their address, verify which address returned is correct, and verify which CSR returned is correct. Lichtenberg Reply Decl. ¶ 14.

Second, Qwest's complex ordering process forces CLECs to spend far more resources than they should have to in order to develop a working interface. For example, WorldCom's partner in the Qwest region, Z-Tel, has been forced to develop the capacity to display multiple CSRs on the desktops of customer service representatives, a capacity that is not needed in any other region and that Z-Tel had no reason to believe would be needed in Qwest. Attempting to integrate pre-ordering and ordering interfaces in Qwest is also much more costly than elsewhere because of the need to include so much extra

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customer now wishes to order is new. The CLEC also has to list the customer's retail line class code on the order, as well as the new line class code.

information from the CSR on each order. Lichtenberg Reply Decl. ¶¶ 10, 15. Indeed, Hewlett Packard noted the complexity of developing integrated pre-ordering and ordering interfaces during testing. Notarianni & Doherty Decl., LN-OSS 11 at 9, 25-27.

Third, CLECs face a much higher reject rate in the Qwest region than elsewhere. Because CLECs must determine which service address is accurate and which CSR is accurate and must then pull many pieces of information from the CSR to place on an order, there is far more possibility of error on Qwest orders than on orders in other regions. Successful integration of pre-ordering and ordering interfaces becomes extremely difficult. The result is a high reject rate. Lichtenberg Reply Decl. ¶ 16.

WorldCom's reject rate in July has been approximately 33 percent in the Qwest region. This is <u>twice</u> as high as its reject rate in other regions in which WorldCom is ordering through Z-Tel systems. This is so even though WorldCom began placing orders through Z-Tel systems at the same time (i.e., April 15, 2002) in each region. Absent problems with Qwest's OSS, we would expect the same reject rate in the Qwest region as in other regions. Lichtenberg Reply Decl. ¶¶ 2-3.

WorldCom's reject rate is not atypical. Region-wide, Qwest rejected 37.8% of the orders it received via the IMA GUI in June and rejected 32.31% of the orders it received via EDI (Perf Results, PO-4A-1, 4A-2, 4B-1, 4B-2). These are extremely high reject rates and have a major impact on CLECs. WorldCom must spend time and effort correcting each reject. This not only wastes resources but also delays the ultimate completion of the order. These difficulties are magnified in the Qwest region because the orders that WorldCom is submitting to correct rejects are themselves frequently rejected. Lichtenberg Reply Decl. ¶22.

In its Evaluation, the DOJ notes the high reject rate in the Qwest region, DOJ Eval. at 15, and also notes that among the fundamental causes of this high reject rate are the requirement to include a service address on every order and the requirement to list a customer's existing features on every order. The DOJ did not resolve whether these systems issues warranted denial of Qwest's application, DOJ Eval. at 16, instead preferring to discuss them in the context of manual handling issues. But the most critical problems caused by these systems issues are not related to manual handling. Instead, the problems are the complexity of the pre-order/order process itself, the resources needed to develop a workable interface, and the high reject rate. Lichtenberg Reply Decl. ¶ 18.

As to the high reject rate, the DOJ is incorrect that the reject rate in Qwest is similar to that in the BellSouth region at the time of BellSouth's Georgia/Louisiana application. DOJ Eval. at 15 n.61. The reject rate in the Qwest region is far higher. Moreover, the high reject rate in the Qwest region is related to the complexity of Qwest's systems. In other regions, for example, WorldCom's reject rate fell significantly after implementation of migration by telephone number – just what occurred in BellSouth in November 2001. But Qwest has not simplified its ordering process in this way. Lichtenberg Reply Decl. ¶¶ 17-18.[2]

Qwest may argue that these systems issues are being resolved through the change management process. That is true. WorldCom has issued a change request that would

[2] Qwest's assertion in a July 29 *ex parte* letter that Hewlett Packard was able to achieve a low reject rate during testing does not include all of the orders that were returned to Hewlett Packard for correction. Hewlett Packard's actual reject rate during testing was well over 30 percent, as evident from the final test report. As for Qwest's assertion about a CLEC called New Access, one month's worth of data from a single CLEC with an unknown order mix and a very low order volume hardly demonstrates that Qwest's systems are acceptable – especially since the complexity of Qwest's systems has significant harmful consequences beyond its impact on reject rates. Moreover, with the exception of New Access's reject rate in June, the reject rate for CLECs is almost uniformly very high across the region. *See* Qwest July 17 confidential *ex parte* letter.

enable CLECs to transmit orders based on name and telephone number and WorldCom's partner Z-Tel has issued a change request for industry standard "migration as specified" ordering that would enable CLECs to list only the features a customer desires going forward without reference to prior line class code or features. These two change requests would greatly simplify the pre-order/order process and significantly reduce the problems discussed above. Lichtenberg Reply Decl. ¶¶ 23-24.

CLECs have prioritized the request for "migration as specified" second among CLEC change requests and have prioritized the request for migration by name and telephone number nineteenth. As a result, both will likely eventually be implemented. But the earliest either will be implemented is April 2003. Lichtenberg Reply Decl. ¶¶ 25-26. And there is not yet any assurance they will be implemented even then – or that they will be implemented effectively. That is insufficient.

The fact that important systems defects may eventually be resolved through change management does not warrant approval of Qwest's section 271 application today. That this is so is apparent from considering a hypothetical BOC section 271 application in which the BOC had yet to undertake any significant OSS development. Surely in such circumstances the BOC could not argue that it had in place an acceptable change management process, that all important CLEC requests for changes had been prioritized, and that all would ultimately be implemented. An effective process of ensuring future improvements would not substitute for working OSS. Lichtenberg Reply Decl. ¶ 27.

The same is true for Qwest. In order to warrant section 271 approval, Qwest's OSS must be ready today and must afford CLECs a meaningful opportunity to compete. Qwest's OSS is not ready. The complexities of Qwest's pre-order and order process are entirely unnecessary. They make real competition extremely difficult if not impossible. They must be eliminated before Qwest gains section 271 approval.

B. Qwest's Process For Placing Orders For Account Maintenance Also Is Complex

Qwest's pre-ordering/ordering process is remarkably complex not only with respect to placement of initial CLEC UNE-P orders but also with respect to supplemental orders for account maintenance – such as orders to change the features on a customer's account. Such orders should be simple because the CLEC will already have imported all information about a customer's account into its own database and thus should not have to engage in the pre-ordering process at all. Lichtenberg Reply Decl. ¶ 28.

But Qwest requires a CLEC to include the customer code on account maintenance orders as well as initial orders – and <u>Qwest changes the code before CLECs can submit the account maintenance orders</u>. The code is a different code than existed at the time the CLEC placed an initial order on the account. Thus, the CLEC cannot rely on the customer code it obtained at the pre-order stage when placing its initial order and that it imported into its own database. The CLEC must repeat each of the pre-order steps and obtain the new customer code from the CSR. Such duplicative effort greatly complicates the process of placing account maintenance orders. Lichtenberg Reply Decl. ¶ 29.

This is another reason that it is vital for CLECs to be able to place orders by name and telephone number as they can in other regions – without use of either customer code or street address. It will enable CLECs to place account maintenance orders based on information in their own databases.

Qwest's systems lead to frequent rejection of account maintenance orders for a second reason as well. After an initial CLEC order, Qwest will reject account maintenance orders for that account until it has updated the CSR to reflect CLEC ownership of the account. Qwest has informed WorldCom that this typically takes 5 to 7 days and sometimes takes up to 30 days. This is entirely unacceptable. Customers frequently request new features soon after migration, as they change their mind about what they would like on their account. It is critical that CLECs are able to place account maintenance orders relatively soon after migration. Yet so far Qwest has indicated that it will likely reject an AT&T change request that it update CSRs in 24 hours. Lichtenberg Reply Decl. ¶¶ 30-31.

C. Qwest Transmits Jeopardies That Should Be Rejects

Qwest has not taken any steps to alter its practice of rejecting some orders by transmitting jeopardies after firm order confirmations ("FOCs"). As WorldCom explained in its initial comments, even after Qwest transmits a FOC informing the CLEC that it has accepted an order and will provision it on a particular day, Qwest sometimes subsequently transmits a jeopardy informing the CLEC that it must correct something on the order before the order can be provisioned. That jeopardy in effect operates as a reject.

In *ex parte* filings, Qwest attempts to justify transmission of such jeopardies.[3] But all that Qwest succeeds in doing is to show that jeopardies after FOCs are justified when they serve to inform the CLEC that an order cannot be provisioned on a particular day because, for example, the necessary facilities do not exist. Qwest does not – and cannot – justify transmission of jeopardies that are the equivalent of rejects, that require CLECs to take steps to correct the orders. Lichtenberg Reply Decl. ¶ 33.

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[3] Qwest July 10 *ex parte* letter, Tab 6.

Moreover, even for those jeopardies that Qwest properly transmits, it takes too long to transmit the jeopardies. Qwest's performance in returning jeopardy notices remains worse for CLECs than for itself region wide. (Perf Results PO-8D).

D. Qwest Does Not Show That It Can Effectively Process Orders Manually

The DOJ properly questioned Qwest's ability to accurately process orders with today's high level of manual processing. The data Qwest submits in *ex parte* filings confirm that such a problem continues.

To begin with, Qwest's data show that overall flow-through of UNE-P orders was even lower in June than in prior months – a paltry 50.9%. (PO-2A-2) Flow-through of eligible UNE-P orders transmitted via EDI also remained low – at only 86.4% (PO-2B-2), even though all orders designed to flow through should flow through. And Qwest's poor flow-through is not the result of variation among CLECs. Qwest's data show that Qwest is manually processing a high percentage of orders for every CLEC that is submitting a relatively high volume of orders. The highest flow through percentage for any CLEC that had submitted at least 5,000 orders in a month was 76% -- not a very high flow through percentage.[4]

Qwest's data further show a high percentage of errors on those orders that Qwest does process manually. Qwest's data show that a high percentage of manually processed LSRs are immediately rejected by the Service Delivery Coordinators.[5] Qwest's data also show that measured as a percentage of all unbundled loop orders, 6 percent of the orders contain human errors.[6] The error percentage would presumably be much higher if only manually processed orders were included. Although Qwest indicates that most of these

[4] Qwest July 12 *ex parte* letter.
[5] Qwest July 12 *ex parte* letter.

errors do not harm CLECs, such a high percentage of errors is indicative of a significant problem.

Qwest's performance data also shows results that are quite poor. Qwest changes due dates more for CLECs than for itself in every month from December through May, and this is likely the result of manual processing. (PO-15). Moreover, Qwest's new measure of service order accuracy shows that Qwest made errors in processing POTS resale orders**,** nearly 10 percent of the time. (PO-20). This is very poor performance even accepting these non-audited results for a single month as accurate.

And these results exist with today's low order volumes. Unlike other BOCs that have applied for section 271 authorization with poor flow through rates, Qwest cannot show that it is able to effectively process manual orders with substantially increasing order volumes. Ordering volumes in the Qwest region remain extremely low. The error rate in the Qwest region is likely to skyrocket if CLECs ever began placing commercial volumes of orders.

E. Qwest Takes Three Days To Process UNE-P Orders

Qwest has not altered the required interval for processing UNE-P orders. The interval for processing UNE-P orders is three days if the orders include any feature changes. In contrast, every other BOC will process UNE-P orders with feature changes on the same day the orders are placed. This is because such orders require nothing more than a translation change in the switch. Lichtenberg Reply Decl. ¶ 39.

Qwest's policy has a dramatic effect on WorldCom. Every Neighborhood order involves a feature change, becauseWorldCom offers a standard package of features.

[6] Qwest July 10 *ex parte* letter, Tab 5.

Thus, every WorldCom UNE-P order will take at least 3 days to provision. This is likely to be unacceptable to many customers.

F. Qwest Has Not Shown That It Provides Auditable Electronic Bills

The DOJ correctly concluded that Qwest has not shown that it provides auditable electronic bills. At the time that Qwest applied for section 271 authorization, the only electronic bills it provided were in CRIS format. This format is not industry standard, and indeed varies among Qwest's three billing centers. Such variation makes it more difficult for CLECs to handle such bills.

Although Qwest claims in an *ex parte* letter that its CRIS bills are auditable, Qwest's CRIS bills lack key information needed for auditing.[7] Lichtenberg Reply Decl. ¶ 42. For example, in two of its three billing centers, Qwest does not provide the Universal Service Ordering Codes that it acknowledges are "important for bill validation."[8]Nowhere in Qwest's *ex parte* letter does it say that this information is included in the CRIS bills.

On July 1, Qwest did for the first time provide industry standard CABS BOS bills. In theory, these bills can be audited. But as the DOJ found, these bills have been implemented too recently to determine whether they are fully auditable and accurate. DOJ Eval. at 23. Qwest should have begun providing auditable CABS BOS bills before applying for section 271 authorization.

G. Qwest's Maintenance and Repair Continues To Be Unsatisfactory

As KPMG found during testing, Qwest is unable to fix troubles on CLEC lines the first time it tries. This problem continues, as evident from Qwest's own performance

[7] July 10 *ex parte* letter, Tab 1.
[8] July 10 *ex parte* letter, Tab 1 at 4.

data. For UNE-P customers, on trouble tickets for which no dispatch was required, Qwest failed to fix the trouble 16.7 percent of the time on the first try in June. This continued to be out of parity with its retail performance, just like in prior months. (MR-7C).

H. Qwest Has Not Yet Demonstrated a Pattern of Compliance With Its Change Management Plan

Qwest has yet to demonstrate a pattern of compliance with its new change management plan. Key parts of that plan were implemented for the first time in April. Although the DOJ states that Qwest has complied with some earlier-implemented components of the change management plan, in reality, Qwest deviated significantly from its plan. Lichtenberg Decl. ¶ 77. Eschelon provides further evidence of this in its Comments.[9] It is therefore essential that Qwest meet the Commission's requirement of demonstrating a pattern of compliance with its new plan.

I. Qwest Lacks An Independent Test Environment That Mirrors Production

Qwest's test environment, SATE, fails to meet the Commission's requirement of an independent test environment that mirrors production. Although the Commission has not required that a test environment be identical to production, DOJ Eval. at 29, it has never allowed a BOC to gain section 271 authority where the messages returned during testing differ significantly from those in production. Qwest acknowledges that 22 percent of the error messages in SATE are different than those in production.[10] These include important error messages, such as errors related to address validation. Moreover, not only do the error messages differ, but in some cases, results differ in other important

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[9] Eschelon Comments at 4-6.

[10] July 10 *ex parte* letter, Tab 14.

ways – such as acceptance of an address validation inquiry in SATE that would not be accepted in production. Lichtenberg Reply Decl. ¶ 46.

Qwest argues that it identifies the error messages that differ between production and SATE. But this is of only limited assistance to CLECs. When the CLEC receives an error message in SATE that differs from that in production, the CLEC has no way of determining whether it will receive the proper error message in production. Moreover, Qwest does not even document differences other than differences in error messages. Lichtenberg Reply Decl. ¶ 46.

Qwest also indicates that CLECs can place change requests for error messages to be added to SATE. But CLECs should not have to place individual change requests based on individual error messages to obtain something as basic as a test environment that mirrors production. Finally, because CLECs do not know all of the differences between SATE and production, even placing hundreds of change requests would not result in a test environment that mirrors production. Qwest must provide such an environment without waiting for CLECs to determine specifically what changes need to be made.

The Colorado PUC described SATE as a "significant loose end" remaining in this application. Colorado PUC Comments at 52. The DOJ described the absence of performance data showing that SATE mirrors production as a "large, unresolved concern." DOJ Eval. at 30. It is more than that. SATE must mirror production before Qwest gains section 271 authorization.

II. QWEST EXHIBITS DEFICIENCIES IN DSL LOOP AND LINE SHARING PROVISIONING

A. Qwest Still Has Not Demonstrated That Its Loop Qualification Database Returns All Loop Make-Up Information

WorldCom agrees with Covad that even Qwest's recent filings do not demonstrate that competitors receive access to all loop make up information available to Qwest personnel.[11] Qwest has not shown that its loop qualification database provides competitors, like WorldCom and Covad, with all available loop make-up information. Specifically, as we explained in initial comments, Qwest's loop qualification database does not provide information on whether redundant copper facilities are available to serve an end-user that is currently served by fiber.[12] Qwest's July 10 *ex parte* letter does not address the issue of whether its loop qualification database contains information about spare copper facilities.[13]

Interestingly, in the Commission's Triennial Review proceeding, Qwest is using its maintenance of spare copper facilities to show that competitors are not impaired without access to Qwest's fiber-fed loops.[14] In that proceeding, Qwest claims that it will not remove copper facilities where it has deployed fiber. Yet, Qwest does not show here that its loop qualification database provides DSL competitors, like WorldCom and Covad, with information regarding the existence of spare copper facilities. Until Qwest makes such a showing, it has not demonstrated it provides competitors will all relevant loop make-up information.

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[11] *See*.Covad *ex parte* letter at 2.
[12] WorldCom Comments at 24-25.
[13] *See* Qwest July 10 *ex parte* letter at Tab 9, at 24-25.
[14] *See* Comments of Qwest Communications, CC Docket No. 01-338, dated April 12, 2002, at 45-46.

B. It Is Not Clear Whether Qwest's New Central Office Process Will Remedy The Erroneous Issuance of SOCs

In response to concerns raised by competitors regarding its issuance of erroneous SOCs for line sharing orders,[15] Qwest instituted changes in the way its central office technicians handle such orders.[16] Specifically, Qwest issued a new management directive that any line sharing order not completed by 4 p.m. should be placed in jeopardy status. Although this new process -- the Central Office Job Aid -- will assist in notifying competitors when their orders are delayed, it is unclear whether it will result in issuing a SOC only when the *actual* central office work is *completed*.[17] In other words, it is not at all clear whether Qwest's new process will correct the problem of Qwest automatically generating SOCs on the due date of the order. This is critical. If Qwest issues a SOC before the work is completed, the CLEC's systems will show the work as completed, resulting in significant difficulty if the customer calls to report that DSL was never installed.

III. QWEST MUST MAKE ADDITIONAL CORRECTIONS TO ITS UNE RATES

WorldCom in its initial comments described two problems with Qwest's benchmarking methodology that result in inflated UNE rates and a price squeeze.[18] Qwest has acknowledged the first problem – the inclusion of sold exchanges in its benchmarking analysis -- and has committed to filing revised rates accordingly. Specifically, WorldCom and AT&T explained in initial comments that in performing its benchmarking analysis to Colorado rates, Qwest neglected to account for its sale of high-

[15] *See, e.g.,* WorldCom Comments at 25.
[16] *See* Qwest July 12 *ex parte* letter.
[17] WorldCom Comments at 25.

cost exchanges in Idaho, Iowa, and North Dakota.[19] Qwest has recognized this problem and will reduce its rates accordingly by filing with state regulators revised SGATs.[20]

But Qwest has not yet corrected the second problem with its benchmarking analysis. Specifically, Qwest continues to fail to accurately account for the relative minutes of use in each of the four states that it benchmarks to Colorado. This results in excessive switch usage rates in Nebraska and North Dakota. Significantly, using state specific minutes of use per-line would result in a 24.4 percent reduction in switch usage rates in North Dakota and 21.8 percent reduction in Nebraska. Frentrup Reply Decl. ¶ 8.

In recent *ex parte* letters, Qwest has made several arguments as to why it should not use state-specific minutes-of-use in making demand assumptions.[21] First, although Qwest acknowledges that it possesses state-specific minutes-of-use per-line by state, it claims that it does not possess studies that would show state-specific data on the amount of interoffice calls versus intraoffice calls, originating calls versus terminating calls, or tandem versus direct-routed calls, all of which are necessary to perform the benchmark analysis.[22] But Qwest fails to explain why it would be improper to use state-specific minutes in conjunction with the Commission's standard assumptions for interoffice/intraoffice calls, originating/terminating calls, and tandem/direct-routed calls. Using a combination of state-specific minutes and, where necessary, standard assumptions, better reflects different market conditions in the states than using the same

[18] WorldCom Comments at 27-32.
[19] WorldCom Comments at 28, Frentrup Decl. ¶¶ 2, 6-8.
[20] *See* July 22 *ex parte* letter. Incorporating the lower SM loop costs into Qwest's benchmark analysis will result in a a reduction in loop rates of 0.9 percent in Idaho, 2.9 percent in Iowa, and 8.4 percent in North Dakota. Similarly, total non-loop costs in the SM fell by 2.1 percent in Iowa and by 14.2 percent in North Dakota after removal of these exchanges.
[21] *See* July 22 *ex parte* letter, Attachment at 3-6.
[22] *See* July 22 *ex parte* letter, Attachment at 3.

set of minutes in all the states, and is therefore more accurate and appropriate. Frentrup Reply Decl. ¶ 5.

Qwest also claims that using the standard assumptions for all states will allow it to simplify its multi-state applications and avoid controversy.[23] However, developing the state-specific minutes of use in the manner described above is straightforward, not burdensome, and, because it is more precise, should help alleviate controversy. Use of state-specific minutes of use assumptions will more accurately reflect the costs that will be incurred by purchasers of UNEs. As the Commission has stated, the demand of the average customer is "the single most informed estimate" of potential CLEC demand.[24] Moreover, it would be unfair for this Commission to allow BOCs to rely on state-specific minutes when it results in higher rates but to allow other BOCs to rely on standard assumptions when it results in higher rates.

The use of state-specific minutes for the four states in this application that rely on the benchmark methodology would require reductions in Nebraska of 21.8 percent and 24.4 percent in North Dakota and allow *de minimis* increases for the Idaho and Iowa. Frentrup Reply Decl. ¶ 7. Qwest's implicit claim that use of the standard assumptions throughout its region would result in roughly the same rates overall is simply incorrect. Frentrup Reply Decl. ¶ 6.

As described in our initial comments, the errors that Qwest makes in setting its UNE rates, described above, contribute to a price squeeze that prevents statewide residential competition in all five states.[25] WorldCom is able to offer our premium-priced Neighborhood product in only certain parts of Colorado, Iowa, and North Dakota. For

[23] *See* July 22 *ex parte* letter, Attachment at 3.
[24] New Jersey 271 Order ¶ 54.

now, a price squeeze prevents wider entry.[26] Qwest must correct these errors to allow for wider-scale local competition in its region.

IV. THE COMMISSION'S RECENT VIRGINIA ARBITRATION DECISION MAKES CLEAR THAT QWEST MUST PROVIDE CUSTOMIZED ROUTING TO WORLDCOM

The Commission's recent Virginia Arbitration decision reconfirms that Qwest must provide customized routing to WorldCom in the way that WorldCom has requested.[27] Until it does so, Qwest does not meet checklist items 2 and 7. As described in our initial comments, WorldCom is entitled to designate the particular outgoing trunks that will carry calls from Qwest's switch to our Operator Services and Directory Assistance ("OS/DA") platform.[28] In this way, we can self-provision OS/DA services to our customers. Qwest maintains that WorldCom must purchase direct trunks dedicated to OS/DA traffic from each of Qwest's end offices to WorldCom's switches, rather than permitting WorldCom OS/DA traffic to travel over Feature Group D trunks, or common transport, to WorldCom's network.[29]

In the Virginia Arbitration decision, the Commission stated that "[c]ustomized routing permits a *requesting carrier* to specify that the incumbent LEC route, *over designated trunks* that terminate in the requesting carrier's operator services and directory assistance platform, operator services and directory assistance calls that the requesting carrier's customers originate."[30] Accordingly, the Commission required Verizon to

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[25] WorldCom Comments at 32.
[26] WorldCom Comments at 32-34.
[27] *See also* UNE Remand Order ¶ 441, n.867; Louisiana II Order ¶ 221.
[28] WorldCom Comments at 35.
[29] Id.
[30] Virginia Arbitration Order ¶ 533, citing UNE Remand Order at ¶ 441, n.867 (emphasis added).

reflect in its interconnection agreement its commitment to provide customized routing for OS/DA calls over WorldCom's Feature Group D trunks.[31]

Again the Commission has made clear that WorldCom, not Qwest, may designate the trunks over which Qwest will route WorldCom's OS/DA traffic. Qwest has no right to decide that WorldCom must establish separate trunks. Qwest's failure to provide customized routing in the form that WorldCom has requested constitutes a violation of section 251(c)(3) of the Act and checklist items 2 and 7 in section 271.

[31] Virginia Arbitration Order ¶ 535.

CONCLUSION

Qwest's section 271 application for Colorado, Idaho, Iowa, Nebraska, and North Dakota should be denied, for the reasons described above.

Respectfully submitted,

///s///

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July 29, 2002

CERTIFICATE OF SERVICE

I, Lori Wright, do hereby certify that on this 29th day of July, 2002, I have caused a copy of WorldCom, Inc.'s Reply Comments in the matter of WC Docket No. 02-148, *Application by Qwest Communications International, Inc. for Authorization Under Section 271 to Provide-In-Region InterLATA Service in the States of Colorado, Idaho, Iowa, Nebraska and North Dakota* to be served electronically on the following:

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